

Revenue Information Bulletin No. 15-021

June 29, 2015

Income and Corporation Franchise Taxes

Act 125 of the 2015 Regular Session of the Louisiana Legislature

Act 125 of the 2015 Regular Session of the Louisiana Legislature reduces certain income and corporation franchise tax credits. The below reductions are applicable when claimed on any return filed on or after July 1, 2015, but before June 30, 2018, regardless of the taxable year to which the return relates, unless the credit is claimed under one of the following scenarios:

- The filing of an amended return filed on or after July 1, 2015, but before June 30, 2018 when the amendment relates to a credit previously claimed on an original return filed prior to July 1, 2015.
- The filing of an original return on or after July 1, 2015 but before the extended due date for which a filing extension has been allowed prior to July 1, 2015. In such an instance, any portion of the credit reduced by the provisions of Section 1, 2, & 3 of Act 125 shall be allowed as a credit in the amount of one-third of the reduced portion of the credit on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018 and 2019.
- The credit contains specific and controlling language regarding the effective date of the reductions to the credit in the applicable statute and is listed in section (3) below.

Any reductions made pursuant to Act 125 are prohibited from being added to any carry forward provision allowed by law except as provided by Section 7(C) of Act 125.

(1) The following credits are subject to a 28% percent across-the-board reduction relative to the amount of credit currently allowed by the respective statute. In some instances, the reduction has been rounded to the nearest whole number.

- **R.S. 47:34 New jobs tax credit**
- **R.S. 47:35 Neighborhood assistance tax credit**
- **R.S. 47:37 Contribution of tangible personal property of a sophisticated & technological nature to educational institutions**
- **R.S. 47:227 Insurance company premium tax credit**
- **R.S. 47:265 Credits arising from refunds by utilities**
- **R.S. 47:287.664 Credits arising from refunds by utilities**
- **R.S. 47:287.748 Corporation tax credit; re-entrant jobs credit**

- R.S. 47:287.749 **New Jobs credit**
- R.S. 47:287.752 **Tax credit for employment of first-time nonviolent offenders**
- R.S. 47:287.753 **Neighborhood assistance tax credit**
- R.S. 47:287.755. **Contribution of tangible personal property of a sophisticated & technological nature to educational institutions**
- R.S. 47:287.758. **Bone marrow donor expenses**
- R.S. 47:287.759 **Employee and dependent health insurance coverage credit**
- R.S. 47:297(A) **Certain disabilities**
- R.S. 47:297(B) **Credit for certain federal tax credits**
- R.S. 47:297(C) **Gasoline & special fuels taxes for commercial fisherman**
- R.S. 47:297(D) **Donations to public elementary or secondary schools**
- R.S. 47:297(F) **Family Responsibility**
- R.S. 47:297(G) **Environmental equipment**
- R.S. 47:297(H) **Small town doctor/dentist**
- R.S. 47:297(I) **Bone marrow donor expenses**
- R.S. 47:297(J) **Educational expenses incurred for degree related to law enforcement**
- R.S. 47:297(K) **Employment of certain first-time drug offenders**
- R.S. 47:297(L) **Purchase of bulletproof vest**
- R.S. 47:297(M) **Long-term care insurance premiums credit (Currently not in effect)**
- R.S. 47:297(N) **Living organ donation credit**
- R.S. 47:297(P) **Accessible and barrier-free constructed home credit**
- R.S. 47:297.6.(A)(1)(b)-(5) **Rehabilitation of an owner occupied residential or mixed-use property** (includes only rehabilitation of a vacant and blighted owner-occupied structure that is at least fifty years old and calendar year cap on credits)
- R.S. 47:297.9 **Amounts paid by certain military servicemembers and dependents for certain hunting and fishing licenses**
- R.S. 47:6004 **Employment of the previously unemployed**
- R.S. 47:6005 **Purchase of qualified new recycling manufacturing or process equipment and/or service contracts**
- R.S. 47:6008 **Donations made to assist qualified playgrounds**
- R.S. 47:6009 **Louisiana basic skills training tax credit**

- R.S. 47:6012 **Donations of materials, equipment, or instructors made to certain training providers**
 - R.S. 47:6013 **Donations made to public schools**
 - R.S. 47:6017 **Credit for certain debt issuance costs**
 - R.S. 47:6018 **Tax credits for purchasers from “PIE contractors”**
 - R.S. 47:6020 **Angel investor tax credit program**
 - R.S. 47:6022 **Digital interactive media and software tax credit**
 - R.S. 47:6023 **Sound recording investor tax credit**
 - R.S. 47:6025 **Credit for the Louisiana citizens property insurance corporation**
 - R.S. 47:6026 **Cane river heritage tax credit**
 - R.S. 47:6032 **Milk producers tax credit**
 - R.S. 47:6034 **Musical and theatrical production income tax credit**
 - R.S. 47:6035 **Conversion of vehicles to alternative fuel usage** (with exception of amount of \$3000-now reduced to \$1500- allowed when taxpayer elects not to determine exact cost)
 - R.S. 47:6036 **Ports of Louisiana tax credits**
 - R.S. 47:6037 **Tax credit for “green job industries”**
 - R.S. 51:1807 **Urban revitalization tax incentive program**
 - R.S. 51:2399.3 **Modernization tax credit**
 - R.S. 51:3085 **Louisiana community development financial institution act credit**
- (2) The following are subject to reductions of the amount of the credit currently allowed by statute in an amount other than 28%.
- R.S. 25:1226.4 **Tax exemptions and credits**-subject to 20% reduction.
 - R.S. 297.6(A)(1)-(a) **Rehabilitation of an owner occupied residential or mixed-use property**-credit for rehabilitation of owner-occupied residential structure and total credit amount limitation subject to 26% reduction
- (3) The following contain specific and controlling language regarding the effective date of the reductions to the credit. They are as follows:
- R.S. 47:227 **Insurance company premium tax credit** -reductions are applicable on July 1, 2015 but before July 1, 2018.

- R.S. 47:6022 **Digital interactive media and software tax credit**-reductions begin with applications for state-certified productions submitted to the office on or after July 1, 2015.
- R.S. 47:6023-**Sound recording investor tax credit**-reductions begin with state-certified productions certified on and after July 1, 2015, and state-certified infrastructure projects which have been applied on or after July 1, 2015.
- R.S. 47:6034 **Musical and theatrical production income tax credit**-for state-certified higher education musical or theatrical infrastructure projects and state-certified musical or theatrical productions, reductions begin with projects or productions that receive initial certification on or after July 1, 2015 and on or before January 1, 2018. Further, for state-certified musical or theatrical productions qualifying for additional credit relative to the base investment expended on Louisiana residents and state-certified musical or theatrical productions qualifying for additional credit relative to the employment of students enrolled in Louisiana colleges, reductions begin with projects or productions that receive initial certification on or after July 1, 2015 and on or before January 1, 2018.

For state-certified infrastructure projects, reductions begin with projects that receive initial certification on or after July 1, 2015.

- R.S. 51:2354 **Technology commercialization credit; amount; duration; forfeit-**reductions begin with applications for the technology commercialization credit approved on or after July 1, 2015.
- R.S. 51:2399.3 **Modernization tax credit**-reductions begin with credits approved on or after July 1, 2015.

For questions concerning this matter, please contact the Policy Services Division at (225) 219-2780. For questions concerning a taxpayer's return, please contact the Office Audit Division at (225) 219-2270.

Tim Barfield
Secretary